SECRETARY OF DEFENSE WILLIAM J. PERRY
REMARKS EN ROUTE TO KIEV, UKRAINE, FROM KAZAKHSTAN
MARCH 20, 1994

SECRETARY PERRY: Let me start, give you five minutes of what I expect to do in Ukraine and then open it up to questions. I have two broad objectives for this trip to Ukraine. The first is sustaining the momentum in advancing the agreements made at the summit meeting in January. The second broad objective is moving forward on actions which are going to improve the stability and economic reform movement in Ukraine. Those are the two broad objectives.

Let me get to the first one which is sustaining the momentum achieved at the summit meeting. The first particular thing that we're going to be doing on that is assuring that the missile warhead agreements are moving along. We have, when President Kravchuk was in Washington a few weeks ago, he reported that the first train of SS-19, SS-24 warheads had already left Ukraine headed for Russia. It has since been reported that the second trainload has left. I want to confirm that, and I want to go with the Minister of Defense down to Pervomaysk, which is the center of where all this action in Ukraine is, to witness first hand the operation of removing the missiles from the silos, taking the warheads off the missile, loading them on the train. I'd like to see that process to get a good warm feeling about how all that's going. That's one particular aspect of moving the conclusions of the summit meeting along.

Secondly, we will sign an agreement while we're in Kiev -- the negotiations just concluded a few days ago -- for the destruction of the SS-24 silos. All SS-24 silos are to be destroyed under this agreement. We will be providing $50 million under the Nunn-Lugar program for the purpose of destroying and cleaning up after the destruction of the facility, an ecologically sound destruction and removal of those silos.

Third, we will have some forward movement in the area of what might be called nonproliferation. We have agreed upon providing another $10 million out of Nunn-Lugar funds which have to do with helping them set up procedures for maintaining accountability of missile material. Also, helping them set up an export control program. Things which are done routinely in this country but are not set up in Ukraine. Even if they had done them in the Soviet Union, they didn't have any facility for doing this in Ukraine. We're making a small investment there to help them get this set up, and we expect that to be an important benefit in terms of our nonproliferation routine.

Those are three very specific items that are all moving forward from what I consider to be a truly great achievement -- the trilateral agreement that was made at the summit meeting in January. It's a great achievement to get the agreement, but it's not quite in your pocket until you get it done. We want to keep the momentum moving forward on that.

On the second item, which is assisting the Ukrainians in areas that will help them in their stability and economic reform, we will be having the first meeting of the joint U.S./Ukrainian Defense Conversion Commission. It's set up with the same objectives as the commission we have in Russia and the commission which we just completed in Kazakhstan. This is an area they are very much interested in. When President Kravchuk was in Washington and came over to the Defense Department, he spent about an hour and a half - about 80% of his time was spent talking on that commission and what its objectives were, how important it was for them to get that moving as quickly as possible.

In that line, we have agreed to set out $40 million of Nunn-Lugar funds for two specific projects in Ukraine. One of them is the project of forming business partnerships between American companies and Ukrainian defense enterprises. Again, along the models we're trying to set up in Russia and Kazakhstan. And the second is one they have a very high interest in, probably higher than any other country we've dealt with, is establishing housing for retired military officers. They have a very great shortage there, and it's a problem of pressing social importance to them, as well as being a problem of interest from a defense point of view.

The third area they asked us to investigate when President Kravchuk was in Washington had to do with conversion of the very substantial facilities they have for space flight. They have a major activity -- many different facilities in the Ukraine -- related to space flight, but it's in bits and pieces because it was part of a larger Soviet Union program. Now what they're trying to do is restructure so that they have an integrated whole in Ukraine or they integrate into some other country, like Russia, by agreements.

They want our help and assistance in doing that, helping them restructure that whole program. Some of it's going to involve converting things they have been doing from one program to another. Some is going to involve scaling down, and others are going to involve reaching agreements with other countries like Russia, Kazakhstan and the United States.

The second day I'm there, I'm going out to Pervomaysk. I've agreed to extend my trip to Pervomaysk to got to Dnepropetrovsk. Dnepropetrovsk is a huge facility which has been used for making missiles and space launch vehicles. The purpose of the visit there is to consult with their deputy prime minister, Schmarov, on what can be done with that facility since it's going to be a keystone of anything they do in the area of space conversion. So we'll be looking at that, and helping advise him and maybe finding a particular way of how the United States (can) assist him on that.

Q. Mr. Secretary, you said in Kazakhstan that the United States, Britain and Russia are talking about providing some security assurances to Kazakhstan because Kazakhstan essentially has signed the Nuclear Nonproliferation Treaty now. Are you ready to offer the same thing to Ukraine based on the Nuclear Nonproliferation Treaty?

A. What I was talking about in Kazakhstan, was providing for Kazakhstan the same kind of an agreement we've already made with Ukraine. That agreement was made at the

summit meeting, and it basically provided assurances that the United States -- the United States, Russia, and Ukraine all signed an agreement that gave them those kinds of assurances.

Q. Ukraine has not signed the nonproliferation treaty yet, have they? This has nothing to do with the nonproliferation treaty?

A. No. This was a security assurance which basically recognized Ukraine as an independent, sovereign nation, recognized it's borders and recognized that any disputes, for example, about borders, would be resolved only by peaceful means. That's what we meant by a security assurance. Our agreement to that meant a lot to Ukraine. The Russian agreement meant a lot, too. It's that kind of an agreement that we were thinking of extending to Kazakhstan as well. It's not a case of doing something for Ukraine that we were talking about for Kazakhstan; it's the other way around. It's taking the agreement we already have with Ukraine and proposing the same thing to Kazakhstan.

Q. Could I ask you briefly what your overall feeling was after you left the space center today? Did you feel this was a historic occasion? Did you feel history was being made? What was your general feeling after having made that visit?

A. I had, first of all, very sentimental feelings about the visit. I have followed the activities of that space center since it was founded back in 1955 or so. Some of the greatest, most historic achievements in space flight have occurred there, the first satellite, the first manned space flight. A whole list of firsts. They have incredible technical achievements. Having said that, let me observe that the facilities they have now are over capacity for the demands of space flight today.

We saw, for example, this huge rocket, the Energia, which could lift 100 tons into orbit. Nobody has any plans for a program that requires that kind of a facility now. That was designed back when people believed that the next logical step beyond putting a man on the moon would be manned flight, or woman flight, as the case might be, to planets. To do that, you needed a major step forward in launch capacity. The Energia was designed with that in mind. It was a wonderful idea except none of the governments large enough to undertake that kind of enterprise are planning that kind of an enterprise now. This is a great capacity for which there is no existent project that could use it, or there's even likely to be an existent project this decade.

They have substantial capacity which is not only not now being used, but is not likely to be used in the future. They've got a very difficult problem of scaling down what they're doing so that it meets the current needs and the needs of the foreseeable future of the space market. Some of the things they're doing are very useful now. That first launcher we went to which had the Soyuz on there is playing an important role in the on-going manned space program. We did not go out to the proton launcher but the proton launcher is playing an important role in putting communications satellites and the like into orbit. But it's about two or three times as large as it needs to be, so they're going to have to scale it down quite a bit. They've got a very difficult economic problem that they have to

deal with there. It's an amazing technical achievement, but it's economically not sound in today's space market.

Q. Were you surprised by the run-down conditions of the living quarters when you compared them to the technical marvels that have come from there?

A. I wasn't surprised because I have known for the last few years that they have faced this problem of over capacity and under funding and they have not made the hard decisions that you have to make to deal with that -- with bringing capacity down. They've tried to keep it all going. Anytime you try to keep a facility going that is two or three times as large as you need or that you have money for, you end up with not doing any of it very well.

Now the analogy that occurred to me when I went through those facilities today, is the stories about the hollow Army in the United States in the '70s when we took our budget down 30% or 40% but maintained the force structure. Of course, we're trying to do the opposite thing today. We're bringing our force structure down as the budget goes down so that the size of the force we have can be maintained at a high level of readiness - not let everything turn shabby.

Q. Maybe they need a base closing commission?

A. That's exactly what they need and, in fact, the specific thought that occurred to me as I went through there, is I'm going to have a very difficult battle with the public and with Congress when we go through our '95 base closing. Nobody wants to close a base. We've already closed a lot. I will use this example to point out to them what the consequences are of not making those hard decisions. Sure you keep all the bases open, but you can't afford to maintain them. You can't afford to keep up your readiness.

Q. How concerned is the United States about the growing nationalism in the Crimea and the fights that they're having with Kiev over this and the possible implications for the Black Sea fleet? Is that something that causes alarm?

A. I wouldn't use the word "alarm" to describe our concern to that. This is a, first of all, internal struggle in Ukraine. I would observe that while there's been some heated rhetoric on both sides, that the government of Ukraine has been very moderate and very stable in trying to deal with this. Our urging to both parties here, particularly the Ukrainian government, is to deal with this problem peacefully and deal with a respect of the human rights of the people involved. We don't have any more advice to give them or any major stake in it other than that.

Q. Do they not worry even though he's already canceled -- he's decided to annul the results of the election and there is a possibility that with the Black Sea fleet down there headquartered -- growing tensions -- it's purely looked at as a domestic matter?

A. We've been watching the dispute on the Black Sea fleet now for well over a year. The interests of both sides, or all three sides, depending on how you count sides here, are very strongly in favor of coming to a peaceful resolution of that problem. The emotions get in the way of coming to that peaceful resolution. As you know, they actually have come to a resolution on it several times, and each time, something has happened to make it unstuck. I believe that logic and good sense will prevail eventually on that. The fact is that neither of the countries involved -- the Black Sea fleet is not an important national security interest to any of the countries involved. The agreements that have already been made on that, which have come unstuck, have been reasonable ways of resolving that problem. I hope and believe they will get back to the logic in dealing with the Black Sea issue. I just do not see it as an issue worthy of a major dispute or a major conflict between those two countries.

Thank you.

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